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Here's A Way to Do It!

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- *why* the success of this program might end international tension and take us a long way down the road to permanent peace.

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About THE AUTHOR

WILLARD R. ESPY, 39, was educated at the University of Redlands, California, the University of Grenoble and the Sorbonne, and has lived on three continents. After working as a reporter in this country, he went abroad as a foreign correspondent and returned when Paris fell in 1940.

Espy joined the *Reader's Digest* in 1941 to help launch that magazine's International Editions, he speaks English, French and Spanish, besides reading Italian and Portuguese. He is now Director of Special Promotion for the *Reader's Digest*. His articles in various periodicals like *The New York Times* magazine and the *Atlantic Monthly* brought wide public discussion of the principles which later became official American policy in President Truman's now famous Point Four.

Bold New Program

by WILLARD R. ESPY



BANTAM BOOKS New York

BOLD NEW PROGRAM

A BANTAM BOOK
published by arrangement with
Harper & Brothers

PRINTING HISTORY
Harper Edition Published May, 1950
1st Printing............March, 1950

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A greater concern is the possibility that some of these pages may appear to exalt economics above ethics, to equate fatness with freedom and abundance with happiness, or to underestimate cultures, skills, and incentives which differ from our own. That would be the contrary of my purpose. As matters now stand the world which is foreshadowed here can come into being only with American aid and guidance, but in its creation we shall be merely midwife—or, if that is anatomically possible, midwife and father combined. We may assuage the labor, but the anguish and the ultimate triumph will be those of the underdeveloped areas themselves.

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The Bold New Program, therefore, will have to do more than persuade private investors to venture their capital; it will also have to persuade the underdeveloped countries to take the money without uneconomic restrictions. That will require protection for both sides. And though the United Nations may lay down general norms for investment, the problem will be a separate one for every enterprise. Even within each country different groups will present drastically different suggestions for solving it.

From the American point of view, worries about imperialist exploitation refer to conditions which are rapidly ceasing to exist. We think the worriers are applying the attitude of 1900 to the vastly different problems of 1950. To be sure, American business abroad has sometimes committed abuses, but its record is often better than that of local firms in the same areas. There is no lack of examples—as we shall see shortly—that by and large it is keenly conscious of its social responsibility.

Exploitation is not the only sin which will be charged against us. Some men and women in underdeveloped areas are much less fearful of economic exploitation than they are resentful of the American superiority complex. They charge that when we work abroad we tend to gang together, to look down on our hosts as social inferiors. Tact, so far as our relations with the nationals of other countries are concerned, is not an American strong point. Some are apprehensive, too, lest we use Point 4 simply as a means of buying allegiance in the cold war against Russia. They do not want to become involved in that match of leviathan against behemoth.

of technical assistance. The big job of putting underdeveloped areas on the road to industrialization and stability must be performed by the initiative of the areas themselves—abetted by private capital from the United States.

Private capital is being offered an opportunity to do a job which no other agent could do as well. It is an opportunity, however, with a barb in it. If business refuses to participate in Point 4, the whole concept of industrializing underdeveloped areas will go ahead anyhow. In that event the going ahead, not being *with* private enterprise, may well be *against* it.

Yet though private capital may be enlisted to do an internationally useful job, it cannot be drafted—not and remain private capital. In a profit system, a businessman does not invest his money simply for patriotic reasons. He does not put up a factory or a refrigerator plant abroad primarily for the good of America or the world. He does it to make money. Even under far more stable conditions than those which now exist, the American capitalist in the past has preferred to do most of his work at home, where he understood both the laws and the psychology. When he did venture abroad, as in the great bond issues of the 1920's, he frequently lived to regret it

Before the Bold New Program can go beyond technical assistance to backward areas from government-hired experts, there must be an international climate in which private investment is not only useful but tempting—which is another way of saying that it has a reasonable chance of making a reasonable profit. This does not mean that private investors will expect to be guaranteed a return on the moneys they plant abroad, but it does mean that they will expect protection against discrimination by the countries where the money has been placed

To the American businessman, all this seems to be the natural order of things. What surprises him is that many underdeveloped countries do not seem to want him around at all. He likes to think of himself as a benefactor, even if his benefactions pay him a profit. It is hard for him to realize that in areas with a long history of abuse by the great powers he is thoroughly suspect. The suspicion has been formalized by Marxists into a

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ground and temperament of the American people fit them peculiarly for leadership in implementing that program—and this with all respect for the invaluable co-operation which *must* come from other nations; that practical projects for the development of underdeveloped areas already await execution; and that the result of these projects can be a busier, happier, more peaceful world.

This is, therefore, a cheerful book.

I hear my neighbors shout, "Doom, doom, doom!"—in magazines and books, over the air, at cocktail parties. They toss the H-bomb back and forth at the dinner table, half expecting it to drop and explode in the soup tureen. They cannot eat without foreseeing Malthusian starvation, or wash their hands without brooding over germ warfare. They see no hope. Even here in America, they cry, is not freedom yielding before a steadily swelling government? Is not another depression just around the corner? Are not the Communists everywhere?

They fear, these neighbors of *mine*, that the totalitarian way of life with which we are gripped in deadly battle stands on the side of history. They fear that it is bound to wax daily in boldness and vigor, while we decline.

But if there is doom in the air, it is not the doom of freedom. The Communism which terrifies my neighbors is no harbinger of the future. It is a last dying convulsion of man's age-old slavery to the overseer and the all-powerful state. Revolution is indeed in the air, but it can be the sort of revolution which inspired the War of 1776, and which in the Second World War enabled the United States to double her productivity almost overnight.

The net effect of the Communist drive can be to quicken release of the energies of free men. We are learning the weaknesses we must correct and the strengths we must develop. *Communism is not destroying democracy; it is forcing democracy to fulfill itself.*

Arnold Toynbee tells of an English herring fisherman who dropped his catch alive into tanks, where they swam about until

he made port. Into each tank he also put a hungry catfish The catfish might, and did, eat a few of the herring, but the remainder were kept alert, active, and in prime condition "Communism," concluded Toynbee, "is the catfish of the western herring pond"

It would be a tragic error to adopt Point 4 simply as a means of containing Communism or shoring up what James P. Warburg calls 'the rickety remnants of the past." If that were its sole intent, it would fail ignominiously. It would be just one more way of dancing to the Russian tune For the fact is that if Russia and America were the closest of allies, Point 4 would be no less necessary, and no less a natural expression of the American genius

The Bold New Program is not offered here as a substitute for military preparedness. Certainly, however, it is our best hope of avoiding use of the armaments we are building. For in Point 4 we are brewing a potion of peace.

The potion will not work overnight Illiteracy cannot be waved away with a wand or a dollar bill, eroded land cannot be restored by simply putting up a dam, international jealousies hang on long after living standards have risen. American capital cannot save the world, it can only put local capital to work

But when all the objections have been raised and all the dangers have been pointed out, it still remains true that the American nation has at last developed an intellectual philosophy to match our physical power. In the last half of this century Point 4 can make the cold war a memory It can set the arteries of commerce throbbing throughout the world and change the climate of humanity from apprehension or despair to confidence and hope.

Point 4 will not make over the world in our image. For that, as free men aware of our own imperfections, let us give thanks Nor will exports of capital and skills by themselves set stagnant economies to flowing All they can do is to stimulate underdeveloped areas to do the job, and not always in a way that is to our liking But for that, too, let us give thanks We are not dictators, we are entrepreneurs

Nor, in any fair forecast, will Point 4 hasten the collapse of

ground and temperament of the American people fit them peculiarly for leadership in implementing that program—and this with all respect for the invaluable co-operation which must come from other nations, that practical projects for the development of underdeveloped areas already await execution; and that the result of these projects can be a busier, happier, more peaceful world.

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the Soviet system. The Russians have their way of doing things, *just as the Chinese have, and the Patagonians, and the Americans.*

But Point 4 can demonstrate once for all that the future of the world *does not hang on Russia. It hangs on us.*

1

Behind the Bold New Program

IN POINT 4 of his 1949 inaugural address, President Truman stated as a national policy that "we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas." He called for the co-operation of American business, agriculture, and labor. He invited other countries to help us to "foster capital development" in those areas, and to pool their technological resources with ours in "a worldwide effort for the achievement of peace, plenty, and freedom."

The President couched his tremendous proposal in general terms. There were no lists of the areas he had in mind, no estimate of costs, no blueprints. Some commentators shrugged off the whole thing as a bit of harmless oratory. "After all, he had to say something, didn't he?"

It soon became evident that these doubters were as wrong as those who shrugged off the 1947 Harvard speech in which General Marshall launched the European Recovery Program. The United States was being steered once more into a new and uncharted sea, from which return would not be easy. Some Americans sensed this at once; they reacted with a shock not unlike the one they had felt when word was flashed to them of the Hiroshima bomb. How, they asked, could so massive a reorientation of government policy have taken place overnight, without advance warning?

The answer was that on a piecemeal basis the Bold New Program, however bold it might become, was not new. The idea of

rural demonstration projects, working on a self-help basis, have *taught lessons* in the Middle East which, passing from village to village and farm to farm, have bettered the lot of tens of thousands of men, women, and children. The Rockefeller Foundation has wiped out age-old plagues Religious groups have realized the need for healthy bodies as containers of healthy minds and spirits They have established not only churches but hospitals, colleges, and agricultural training centers in underdeveloped areas

Ten years ago a world development program was as absurd a concept to the average American as radar or a rocket plane. But his mind was being prepared unawares—by the Good Neighbor Policy, Lend-Lease, the Second World War, UNRRA, the United Nations, the schism between Russia and the West, finally by the Marshall Plan

If the Marshall Plan concept of helping ourselves by helping others to help themselves was sound for Europe, said some, it should be sound for the rest of the free world as well

The pseudo recession which seeped into the United States in the first half of 1949 added fresh arguments for development of backward areas It became evident that in the present state of international co-operation there would not be enough markets to go around, once Europe was back on her industrial feet. Cutthroat competition for shrinking markets could result only in trade warfare—and trade warfare, with its weapons of dumping, blocked currencies, high tariffs, and competitive devaluation, is scarcely the ideal foundation for an enduring peace and a prosperous world The alternative of creating rich new markets in Asia, Africa, Latin America, and the Middle East appeared to economists, businessmen, and social scientists alike as at worst a stopgap to prevent trade war from becoming catastrophic, and at best a door into a better-feed, more productive, happier, and more peaceful world

More than half of *humanity today lives in a* chronic state of semi-starvation Their energies are drained dry by the effort of

fervid admirer of the average American *motion picture, or unaware* of the distortions which frequent it, to recognize that Hollywood has performed an invaluable service in presenting America to the world Westinghouse is one of many American companies which each year bring foreign students to this country to study American industrial techniques in operation. The amazing *Reader's Digest*, which now sells more than 7,000,000 copies abroad each month in eleven languages and nineteen separate editions, has demonstrated dramatically that people all over the world have similar interests and aspirations.

Non-profit groups and agencies have become increasingly aware of the menace and the hope that lie in wait in the underdeveloped countries of the world.

In 1946 a conference to study conservation and development of world resources, with emphasis on "the possibilities of a single-agency administration, such as the TVA," was proposed to the United Nations by the United States Government. In the same year the International Technical Congress at Paris proposed formation of a World Engineering Federation to help develop backward lands

For nearly two decades foreign governments have been sending observers to study the work of our Tennessee Valley Authority and Bureau of Reclamation, while we in turn have sent experts to recommend and supervise irrigation and development projects in other *countries. Scores of United States agencies* have given technical aid abroad. For ten years the Department of Agriculture, for instance, has been helping Latin American countries to increase their agricultural efficiency, the participating *governments putting up approximately $3 for* every $1 invested by the United States. Today the operation includes some 220 research and demonstration projects, and has spread to the Middle East, Asia, and the Philippines

Private non-profit foundations have demonstrated that it is possible to bring about remarkable improvements in living conditions for modest expenditures of money. The Near East Foundation operates on a very few thousand dollars a year, yet its

rural demonstration projects, working on a self-help basis, have taught lessons in the Middle East which, passing from village to village and farm to farm, have bettered the lot of tens of thousands of men, women, and children The Rockefeller Foundation has wiped out age-old plagues. Religious groups have realized the need for healthy bodies as containers of healthy minds and spirits They have established not only churches but hospitals, colleges, and agricultural training centers in underdeveloped areas

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keeping alive. They drag out their days in poverty, ignorance, and filth. They are ready to die at an age when the average American is scarcely ready to marry. A wage-earner may earn a nickel a day in India, a cent an hour in China, as little as $20 a year in Egypt.

And what business is that of ours? There is, of course, the simple matter of human sympathy, but that alone is unlikely to shape a decisive government policy. There is the waste of precious human resources, but the world can scarcely miss what it has never used No, America is impelled to help inhabitants of underdeveloped lands to help themselves because they are a drag on the progress of all other peoples, including Americans, because they present a standing condition of social unrest, an invitation to revolution and war; because, finally, if they are denied democratic progress they will fall prey to Communism or some other form of reaction, and we shall remain but briefly a crumbling island of freedom in a totalitarian sea

If, on the other hand, the starvation is replaced by plenty, if the filth is cleared away, if steel plows replace the wooden ones, if oxen supplement human muscles and tractors eventually replace the oxen, then vast new energies will be released for the betterment of mankind

Economically, the prospects are limitless If everybody in the world used as much soap as Americans do, there would have to be four times as much soap If they used as much cotton as we do, there would have to be three times as much cotton. If the rest of the world tomorrow were to put in 20,000,000 miles of new roads, our roads would still extend farther than theirs. If they added 350,000,000 new telephones, 450,000,000 automobiles, 600,000,000 radios, we should still have more telephones and automobiles and radios per person than they And if the

the skills and private capital of the United States might be used on a busines basis to better the world

There was, however, many a kink to iron out Business leaders were fearful lest Point 4 mask what might turn out to be simply another government spending program Liberals were fearful lest it mask a newly subtle economic and political imperialism

To minimize these risks, the authors of *Point* 4 made a cautious opening gambit They presented to Congress bills which to the more ardent Bold New Programmers seemed little more than a codification of activities already going on

And indeed, the bills were grounded as solidly as was possible in the bedrock of proven experience The government was asked to make technical assistance available *to* farmers, industrialists, and others abroad the recipients paying a pro rata share of the costs In *addition* it was proposed to guarantee new American investments *against* losses due to abnormal conditions such as currency inconvertibility or expropriation *Businessmen* insisted that a guarantee by the American *government* alone was begging the issue, recipient *nations* should make similar guarantees

Acting under the impetus of the President's speech, and encouraged by the support anticipated from the United States, the United Nations Economic and Social Council drew up *its own* program of technical assistance, unanimously approved by the General Assembly in the fall of 1949 Not formally part of Point 4, the UN program *nonetheless* will be complementary to our own and will be supported in considerable measure by American funds and technical skills

The first steps toward a more plentiful world, so far as Point 4 is concerned, will rarely include mammoth TVA-like developments Rather, the preconditions for industrialization will generally be laid *down* by a host of modest reforms which can be achieved at little expense, and sometimes at no expense at all Whatever vast projects *may* some day become practical, it

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There was, however, many a kink to iron out Business leaders were fearful lest Point 4 mask what might turn out to be simply another government spending program Liberals were fearful lest it mask a newly subtle economic and political imperialism

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And indeed, the bills were grounded as solidly as was possible in the bedrock of proven experience. The government was asked to make technical assistance available to farmers, industrialists, and others abroad the recipients paying a pro rata share of the costs In addition, it was proposed to guarantee new American investments against losses due to abnormal conditions such as currency inconvertibility or expropriation Businessmen insisted that a guarantee by the American government alone was begging the issue, recipient nations should make similar guarantees

Acting under the impetus of the President's speech, and encouraged by the support anticipated from the United States, the United Nations Economic and Social Council drew up its own program of technical assistance, unanimously approved by the General Assembly in the fall of 1949 Not formally part of Point 4, the UN program nonetheless will be complementary to our own and will be supported in considerable measure by American funds and technical skills

The first steps toward a more plentiful world, so far as Point 4 is concerned, will rarely include mammoth TVA-like developments Rather, the preconditions for industrialization will generally be laid down by a host of modest reforms which can be achieved at little expense, and sometimes at no expense at all. Whatever vast projects may some day become practical, it

is perfectly practical right now to teach farmers better ways to farm and workers better ways to work.

"I've seen three men dipping water out of a canal," recalls Norris E. Dodd, Director-General of the United Nations Food and Agricultural Organization, "each using a leather bucket to lift a little water up the bank to a hole from which the man above him dipped in turn. They could irrigate a patch just about big enough to keep their families poorly fed. The kind of little gasoline pump everyone has seen draining a street excavation would pitch the water over the ten-foot bank and wet more crop land in an hour than those three men would in a day."[1]

Mr. Dodd urges that while these people wait for dams they sink wells, that while they wait for massive industries they work in small village shops at making hand cultivators, hoes, scythes; that while they wait for fertilizer factories they learn such simple techniques as enriching their soil by plowing under green legume crops, that while they wait for hospitals they learn how proper drainage, combined with a few chemicals and a little spray equipment, can combat the malaria which last year incapacitated 100,000,000 people in India alone. Before seeking to match economically the United States of 1950, he suggests that they try to catch up with our technical level of 1800.

When underdeveloped areas have begun to increase productivity at an ever faster tempo, under their own power, they will be ready for projects of a massiveness which cannot be financed without government aid. These public service developments may in some instances take place concurrently with Point 4. But while they will feed on its spirit, they will not partake of its flesh. Point 4 may help in planning or in laying the groundwork; but Point 4 itself will have no funds available for damming rivers and irrigating deserts. Those funds must come from such agencies as the Export-Import Bank or the World Bank, acting according to their own established criteria of what does and what does not represent a bankable risk.

Underindustrialized nations, frequently with the help of

[1] New York Times Magazine, October 9, 1949.

American engineers, have been blueprinting development projects which would be practical and self-liquidating—if only there were money, machinery, and techniques to turn the blueprints into dams, fertilizer plants, highways, and factories. Herbert Hoover pointed out in 1946 that by proper irrigation Iraq, which supported 30,000,000 people before the time of Christ, could again provide some of the world's richest land for millions of settlers. The soil conservationist Walter Lowdermilk outlined a Jordan Valley Authority which might well change the face of the whole Near East India put on paper a program to double the living standards of her 400,000,000 inhabitants in fifteen years

In transitional areas like Latin America, great works are already under way Elsewhere they await materials, financing, and improvements in basic living conditions The largest of them—the Yangtze Dam, for instance, or the hydroelectric scheme for the headwaters of the Ubangi—may be only dreams for many years to come. The world cannot use them yet But it will.

Before these projects become actualities, means must be found to finance each one, to pacify the restless lands where they will be implemented, to insure that each new development answers a real and present need. The world's financial and technical resources being limited, there will have to be priorities among even the most immediately practical programs. And after the developments are complete, their full impact cannot be felt for half a generation in so retarded an area as India, or twice that length of time in an Ethiopia or a China.

The pressure to gamble our limited resources on dubious appeals may be strong The Turks, for instance, might well feel that they need a double-track railway to connect the Karabuk steel mill with its ore deposits, and that we should pay for the double-tracking, when actually they need more efficient operation of the single-track railway already in their possession. An investment of a few thousands in training Turkish railway administrators might do more good than an expenditure of millions on a new road.

Available American money, private or public, available Amer-

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of investment, they may also be prerequisites of any private investment at all The countries which most need financial help will frequently be the ones which have to go through the longest preliminary periods of improvement in their basic economies.

In the chapters immediately following we shall seek some clue as to whether the great effort which will be required to improve those basic economies is worthwhile, or whether in the long run it will simply result in more starvation for more people.

We shall probe British experience in the past century for evidence as to when investment abroad makes sense, and when on the contrary it may prove disastrous to investor and investee alike.

We shall explore, too, some implications of our own historic passage from self-containment to raw imperialism, from imperialism to dollar diplomacy, from dollar diplomacy to the Good Neighbor Policy and the Bold New Program

First of all, however, let us ask ourselves whether that widening of horizons was an irreversible process—or whether, if we wished, we might now withdraw from the world arena, leaving our work scarcely begun

There is no denying the reality and power of the temptation to retire What would happen if we yielded to it?

2

The Temptation to Retire

DURING WORLD WAR II, the United States poured millions of dollars a month into Latin America as an economic corollary of the Good Neighbor policy Six months after the surrender of Japan much of that aid had been terminated By the end of 1949 many liberal Latin American regimes which had pinned their hopes of survival on a consistent improvement in economic conditions were no longer in existence

With such an example before them, it is only natural that any nation which now stakes its future on the durability of the Bold New Program should want certain assurances. To what extent is

ican skills, private or public—with all the available money and skills of the other industrialized nations thrown in—are not enough to lift the world from its misery and put it on its feet There is not that much money, and there is not that much skill. But a comparatively modest investment of money and skills may provide the slap which can set a new-born economy to breathing

If projects launched as a result of the Bold New Program are chosen on a basis of need and practicality, if they are operated by businessmen under politically stable conditions, the cost can be kept in a sensible ratio to the accomplishments, and the investment can be returned

Only after the ground has been readied—in some cases by government-financed developments, in all cases by achievement of friendly governmental attitudes and a minimum level of health, agriculture, schooling, communications, and transportation—is private investment likely to assume significant proportions.

The investors will have to submit to conditions laid down by a newly sensitive world conscience—conditions making selfish exploitation difficult or impossible, and frequently eventuating in local control of the enterprises that have been established. The United Nations has insisted that aid must not be "a means of foreign economic and political interference in internal affairs." Wherever possible, local capital should be interested, and always local skills should be developed and utilized in the projects.

Recipient areas will have to learn, too, that the biggest way of doing things is not always the best way. Sound industrialization grows indigenously, and from the ground up.

The countries in which investment takes place will have to relax the onerous conditions which now too often surround the introduction of foreign capital—and agreements to that effect should be spelled out in advance. We face the paradox that while political stability and willingness to abide by the rules of the international free-capital market are long-range goals

far-sighted foreign policy. Yet even now the administration feels obliged to spend in the neighborhood of a billion dollars a year to support farm prices, which implies uneconomic import restrictions—as in the cases of butter, wool, sugar, wheat, cotton—and willingness to dump our surplus abroad. Dumping does not bolster international amity. Instead, as John Davenport observed in *Fortune* magazine, "It makes nonsense of the Administration's whole reciprocal-trade and low-tariff policies, and the lip service that is given to promoting world trade."

It is by no means a foregone conclusion that this country, given a domestic crisis, will turn its back on the rest of the world. But the temptation to cut our foreign commitments will be strong Indeed, it is on the persuasive power of that temptation that Russia seems to have gambled much of her postwar foreign policy.

Already such opinion makers as Henry Hazlitt, writing in *Newsweek*, are urging us down the path foreseen by the Kremlin The Bold New Program, which can be one of the most telling blows ever delivered against expanding Communism, is credited by Hazlitt to Earl Browder and the Communist Party. He complains that "Every million dollars of capital we send abroad sets back our own capital development by just that much"

In the event of a real depression there will be others to argue, perhaps more plausibly, for a self-contained and self-centered America It will be pointed out that we are not a nation at all but a continent—nay, a hemisphere We need not sell our surplus abroad, because we can dispose of it to our own people through TVAs, stamp plans, housing, social security, medical insurance, and a thousand and one vast governmental developments. It will be argued that economically the eastern world, with its troublesome Russia, its starving millions, its wars and threats of war, is not a necessity to us It is simply a nuisance.

It will be contended, with evidence, that if tomorrow the earth were to shudder, twist, and finally wrench apart like a giant amoeba, the eastern half careening off into space and the

this venture in good neighborliness a hastily daubed-on war-paint, serving to impress ourselves and others while we do battle with the Russian bear? Once the bear is no longer a threat, how strong will be the impulse to wash our faces and disappear with a sigh of relief into the tent where we have not only lived but lived fatly for so many generations?

It is doubtless true, as Winston Churchill says, that "under the impact of Communism all of the free nations are being welded together as they never have been before, and never could be, but for the harsh external pressure to which they are being subjected." But coalitions based simply on fear ordinarily break up when the fear is at an end, unless the interim has been used for wise and permanent building; and no small part of that building must take place in the minds of men.

On Capitol Hill and elsewhere there still linger a number of unregenerate and semi-regenerate isolationists. Their influence at a critical moment should not be discounted. But a more insidious danger to international co-operation is the continuing growth of the American state structure itself.

As far back as 1920, Franklin K. Lane, then Secretary of the Interior, recognized that "if not only nationals but States themselves, represented by governments, take part in economic competition, and turn themselves into business houses or manufacturing firms, there is no hope of appeasing the conflicts which will constantly arise from commercial rivalry."

A strongly centralized government cannot help seeking by every means in its power to enhance its own sovereignty. Whether the State is protecting its subjects from the incursions of Tunisian pirates, or establishing tariff barriers for the protection of infant industries, or channeling exports into its own ships, or supporting farm prices, or devaluing its currency, it feeds and grows on the services it performs. A powerful State is no more eager to subordinate itself to international law than a chinchilla is to become part of a fur coat.

Nor is the fight between immediate local interests and ultimate world interests an easy one to resolve. The U. S. of today, for instance, has developed by trial and error an impressive and

far-sighted foreign policy. Yet even now the administration feels obliged to spend in the neighborhood of a billion dollars a year to support farm prices, which implies uneconomic import restrictions—as in the cases of butter, wool, sugar, wheat, cotton—and willingness to dump our surplus abroad. Dumping does not bolster international amity. Instead, as John Davenport observed in *Fortune* magazine, "It makes nonsense of the Administration's whole reciprocal-trade and low-tariff policies, and the lip service that is given to promoting world trade."

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western half continuing to spin undamaged around the sun—if that were to happen, we should have lost no physical thing that we cannot do without.

No man knows when the situation may arise which forces us to demonstrate once for all whether we are a reliable segment of the comity of nations. But the decision which will be revealed then is being made now, in the day-to-day thinking of 150,000,000 Americans. Being human, we are selfish The chances are that if we were really convinced we could once again survive and prosper by ourselves, taking no part in the troubles of Europe, Africa, and Asia, we would set up our own iron curtain, whatever the cost to the rest of the world Let us see, then, what the outlook for a self-contained America would be.

The United States is foremost among nations in the production and consumption of agricultural and mineral wealth. We have within our borders, or near at hand, the great majority of the minerals and plants which are necessary for the kind of life to which we have become accustomed

Indeed, in many fields we have only begun to exploit our domestic resources. The Department of Agriculture *Yearbook* reported in 1938 that by modern methods we could farm without damage twice as much land as was then actually under cultivation. During the war we added 30,000,000 acres to our crop land and increased our food production by a third It has been estimated that improved crop and livestock practices will increase our food supply another 20 per cent by 1954. That does not sound as if we need the eastern hemisphere.

In the eighty years between 1861 and 1941, Americans created the most tremendous industrial system the world had ever seen. In the next four years they doubled the productivity of that system. That does *not* sound as if we need the eastern hemisphere.

Of the ores we lack, most are available in our own half of the world. Antimony—for ball bearings, bullets, and batteries—comes from Peru, Mexico, and Bolivia; bauxite, a basic part of aluminum, from British and Dutch Guiana; copper from Chile,

Peru, and Cuba; platinum from Canada and Colombia; tin, without which automobile, airplane, railroad, and ship transportation would cease, from Bolivia; tungsten from Bolivia and Peru. Manganese has recently been discovered in quantity in Brazil, while low-grade deposits exist in most of our western states. Even cobalt and chromite exist, though apparently in inadequate quantities, in the state of Idaho

Most of the essential agricultural products which will not grow within the borders of the territorial United States are plentiful to the south of us Bananas, coffee, tea, camphor, tropical oils, sisal, quinine are all products of Latin America. Scientists today are seeking means of synthesizing or finding substitutes for other plant growths, as has already been done for such key imports as rubber They are also seeking ways of growing these tropical products within the United States proper. Bananas may yet shade your apartment house roof.

How would a self-contined economy be catalyzed? How would we keep living standards and consumer demand spiraling upward along with our productive capacity? The blueprints call for more and more planning and spending, with government, industry, labor, and agriculture working as a team. Some examples [3]

1. In the United States today there are 7,500,000 dwelling units so run down and so unwholesome that they are below reasonable standards of health and safety To replace them with homes of minimum decency would cost $50,000,000,000, expended perhaps over a half a century and providing work for hundreds of thousands of men

2. More than 300,000,000 acres of crop and pasture lands, if they are to be saved, must be protected against further erosion. The job could be done for $4,500,000,000

3. To retire 11,500,000 acres of submarginal land, resettling 500,000 farm families who now live on them, would take $500,000,000

4. There are 21,000,000 acres under irrigation in the west.

[3] Figures from *America's Needs and Resources* (New York Twentieth Century Fund 1949)

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a part of our natural defense sphere But it is not demonstrable that the United States could prevent a foreign power, in the event of war, from establishing bases in Latin America and making impossible or extremely hazardous the massive northward movement of mineral and agricultural products. Even the northern reaches of Canada, where some key mineral reserves (including uranium) are located, are by no means immune from attack.

The only way that the United States could make reasonably sure of holding onto Latin American reserves, in the event of a war in which the western hemisphere stood alone against the East, would be to occupy Latin America now The coin of isolationism thus has the head of Caesar stamped on the other side.

Left to our own resources, we should be consuming our mineral patrimony at a prodigious rate each day, with no faintest possibility of ever replacing it In the past fifty years the United States alone has produced—which means we have consumed—more minerals than the whole world had used prior to that time. Those minerals are gone forever. High-grade iron supplies are shrinking In 1949 the Bureau of Mines estimated that high-grade copper would last thirty-four years, zinc nineteen years, cadmium sixteen years, lead twelve. We have less than a five-year supply of antimony, tungsten, platinum, mercury.

Vast as our resources once were, we could not have reached our present industrial stature without key materials from the East. Chromite, essential for alloy steels used in the oil and chemical industries, comes from Russia, Turkey, or Southern Rhodesia. For cobalt, we are still dependent on the Belgian Congo, Northern Rhodesia, and French Morocco.

Some 67 per cent of our imports today are raw materials needed to keep our industries going. A minute quantity of imported materials not infrequently supports an immense industry. Twelve large food concerns employing 500,000 men and women, for instance, rely each year on a mere $15,000,000 worth of spices from abroad.

Elmer W. Pehrson, Chief Statistician of the Bureau of Mines, asserts that if we consider a generation an average period be-

per cent more food than we consume. We must either make ourselves eat it, stop growing it, destroy it, or send it abroad.

Even before the great depression we sold abroad more than half of our cotton, a fifth of our wheat, two-fifths of our tobacco, a third of our lard, a sixth of our apples, two-fifths of our dried fruits, a fifth of our canned fruits, a quarter of our agricultural machinery. We exported 40 per cent of our typewriters, 30 per cent of our printing machinery, 14 per cent of our automobiles. In some instances we export a higher percentage today.

The recent increase in our industrial capacity and our farm production has come, moreover, far faster than we have shifted in social and economic habits to absorb it. We have planted more acres and built more factories not only because of demand here at home, but because of calls from abroad. Some day we may be able to consume all we can make, but a great growth must take place in American buying power before that day comes.

Some of the largest industries in the United States today are able to produce on a mass basis only because of the margin represented by the export market. Without that margin—even forgetting the need for foreign raw materials—the price of automobiles, radios, refrigerators, and a thousand other products would be too high for most of us to afford. If the South could not export cotton, it could buy less domestic goods. If millions of farmers were not shipping their produce abroad, they could buy fewer harrows and threshing machines.

In 1949 our steel production was up 12 per cent over prewar levels. We were putting out half again as many shoes, twice as much farm machinery and plumbing and heating equipment. As productivity increases, so does the need for exports.

If our exports were to cease, there would be a cataclysmic decline in mass-production industries employing millions of workers. Their unemployment would cut purchasing power, start the deflationary toboggan which is the nightmare of present-day American business. Exports represent the margin between prosperity and depression.

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If our exports were to cease, there would be a cataclysmic decline in mass-production industries employing millions of workers. Their unemployment would cut purchasing power, start the deflationary toboggan which is the nightmare of present-day American business. Exports represent the margin between prosperity and depression.

To have exports there must be imports too. We cannot forever give or lend the dollars which will be used to buy American goods. Those dollars must be earned.

Between 1914 and 1949, according to a study by the European Co-operation Administration, our "favorable trade balance"—the excess in dollar value of the goods we sold abroad over the goods we imported—amounted to $101,000,000,000 But in the same period the U. S. Government sent $68,000,000,000 abroad in grants and loans—now largely in default; private individuals sent $10,500,000,000; business invested the same amount; $15,-500,000,000 of foreign dollar assets in this country were liquidated, and the World Bank loaned $1,000,000,000. In other words, American taxpayers and businessmen have unwittingly financed the excess of American exports over imports.

It has been charged that imports threaten our own domestic production, that highly paid American workers cannot compete with cheaper labor abroad.

Actually, on the contrary, our labor is, in general, not only better trained, better housed, and better fed but far more productive than any other in the world. Even before the war our factory workers put out twice as much per man as those, for instance, of Great Britain, our every miner dug four times as much, our utilities and communications workers had twice the efficiency. The fact that for seventy-five years we have sent out more goods than we have taken in, however it may reflect on our good sense, certainly demonstrates our quality as competitors.

It may seem anti-climactic to sum up the dangers of a self-contained economy in terms of the personal inconveniences which would stem from it.

One man's petty inconvenience multiplied by 150,000,000, however, can have national disaster as its product.

Take the unhappy situation of a purely imaginary couple named Peabody, who live in Pittsburgh because Jim is puddler in a steel mill there.

Jim Peabody has a deplorable habit. He likes a smoke before he gets up in the morning. Not many months after the eastern

hemisphere has plunged off through the heavens he reaches across to his nightstand, lights a cigarette, puffs once, and hurls it angrily out the window. It is flat, stale, and profitless. Indeed, its all-domestic tobacco tastes much like straw. Mr. Peabody can remember cigarettes composed 10 per cent of tobaccos from Greece, Turkey, and Syria, and flavored with materials from 57 countries.

Mrs. Peabody is an attractive woman To stay that way she has found it advisable to treat her skin with certain unguents which preserve its freshness, and to touch her lips lightly with coloring before she presents herself to the world Alas, Mrs Peabody's cold cream jar is empty this morning, and her rouge cakes on her lips, their key elements are on the sundered eastern half of the globe, making the acquaintance of the Milky Way.

Neither Mr. nor Mrs. Peabody is in the best of spirits at the breakfast table Mrs Peabody is accustomed to tea at breakfast, but there is no tea nearer than India Mr. Peabody has his coffee and sugar, but he is oppressed by the dreadful suspicion that if Europe and Asia have broken away there is no reason to assume that Brazil and Cuba will not follow

The mill where Mr Peabody works has shut down—temporarily, he hopes—for lack of alloy metals High-grade steel uses 40 different raw materials originating in more than 50 different countries

Peabody wanders into the living room, throws himself into a chair, and snaps on the radio, forgetting that it has broken down for lack of mica crystals, also from India

Instead of hearing the morning news, he listens to his wife. She is complaining bitterly, nowhere in town *can she find* decent gloves or handbags The needed kidskins came from India, the lambskins from South Africa and Australia And if Brazil flies off into space as Mr Peabody dourly forebodes, there will be no pigskin for shoes either Of course, Washington *may* establish its own, government-operated pigskin business. Mr. Peabody wonders whether he will be among those drafted to skin the pigs

For weeks now, Mrs. Peabody has been under the doctor's

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For weeks now, Mrs Peabody has been under the doctor's

care. Her prescription has run out, and she cannot telephone to have it refilled—the Peabodys have no telephone because the company cannot get mica from India to make new sets.

So Mr. Peabody goes out for the medicine. In the yard, he scowls at his house; it is becoming shabby Paint is unavailable for lack of tung oil from China, shellac from India, mineral pigments from France.

He considers taking the car, but decides to walk instead. Gasoline is expensive these days, being either hauled from South America or manufactured from coal and shale to protect remaining reserves at home. Besides, 31 of the raw materials that went into his car—not counting the steel—originated abroad. Where will a new car come from when his is worn out?

To top off his frustration, Mr Peabody finds that the druggist no longer has his prescription in stock. Its ingredients are East Indian and Chinese.

Now, the inconveniences besetting the Peabodys are trivial But the country is composed of a great many Peabodys, and the total of their lacks and hungers will determine the road along which America moves into the future When Jim Peabody steps onto the sidewalk from the drug store, and finds police piling out of a squad car to make another of their hopeless raids on the booming black market, there is nothing trivial about the fact *that he has to explain his presence in the drug store, produce a* government identity card, tell where he was born and where he works. That means that Jim Peabody, American citizen and proud of it, is turning into A37965x22, subject of the State. Nor is there anything trivial about the announcement from the government loudspeaking system which dins into his ears as he starts home—an announcement that Canada has been given twenty-four hours to *reconsider her refusal* to grant our perfectly justified demand for free access to her uranium deposits

Put enough personal inconveniences together and you have slavery—and war.

If America were to be alone in the world tomorrow, her most vital industries could survive only by massive government sup-

port, carrying with it the likelihood of ultimate government ownership Efficiency would drop, costs would rise; private enterprise would wither. The economy could continue to move only by pouring government billions into valley authorities, federal housing projects, state medical aid, increased social security, Civilian Conservation Corps Estimable though many of these enterprises may be, if applied in a lump they would certainly subject the individual to increasing government intervention in his everyday affairs The average American is more likely to welcome government enterprises as encouragement toward a better life and a stabilizer in times of trouble than as the indispensable mainspring of our economy.

But we could not be alone. Other nations would still exist. And to shut out an outside world which is seeking desperately and persistently to break in would force controls of a still *more* severe sort. An autarchic government is by definition a tyrannic government It takes tyranny to build a wall around a continent.

The United States was able to be isolationist for a hundred and twenty-five years *only* because we were part of an orderly world system, with someone else—England—doing most of the policing Today there is no longer an orderly world system, and there is no nation with the possible exception of the United States which is capable of creating one. We can be isolationist only *in* a stable world, and there can be no stable world in which we are isolationist It is a *nice dilemma* To have any faintest chance of ever being able to mind our own business again, we must be willing to mind other people's business, and do so wholeheartedly, for a period of decades, generations, or centuries.

That is the short haul of isolationism. In the long haul the prospect becomes, if life is considered as a supreme good, considerably grimmer It involves not only serfdom but destruction.

Even if Russia should become miraculously a nation of doves, any major attempt at economic self-sufficiency on the part of the United States would be an invitation to war. For the conditions

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days, but we may not turn back. For if today it takes a free and prosperous America to save the world, *tomorrow only* a free and prosperous world can save *America*.

3

Industrialize — or Starve

PERHAPS THE most powerful ally of those Americans who would leave the old world to stew in its own juice is a dead English clergyman named Malthus. It was Malthus who calculated one hundred and fifty years ago that mankind would always outgrow its food supply, and that pestilence, famine, and war would be required to redress the balance.

To a Malthusian, food or money invested in an undernourished land only adds to its sorrows. The more food men have, the more they will breed, the more they breed, the more mouths there will be for each mouthful, the more mouths there are, the more mouths will remain unfilled. Food equates with starvation.

These fears are buttressed by the fact that humanity has quintupled its numbers since the seventeenth century, that it has doubled them in the past one hundred years, and that it has increased by almost 200,000,000 in a decade. At this rate, runs the lament, there will be 4,500,000,000 people on our planet early in the twenty-first century—and even now more than 20,000,000 die of hunger each year.

To share our resources with an old world that is sinking hopelessly into Malthusian quicksand would be wastefulness at best, criminal folly at worst. In such a context, business investments, government loans or grants, even personal charities compound the evil they seek to lessen. Marshall Plans, international banks, compacts for freer trade—any and every effort at international co-operation loses its excuse for being. Instead, America's obligation is to husband her resources and prepare herself as best she may for the coming Armageddon.

So the extreme Malthusians. At the opposite pole stand those who insist that the productivity of earth is limitless; that man,

that exist today in two-thirds of the world create a climate where war thrives Russia or no Russia, where there is misery there will be Communists or some equivalent. Without guidance and friendly aid from the United States, half of mankind today might well be pledging allegiance to the hammer and sickle Our aid and understanding will still be needed for many decades to come.

It would be pleasant to think that by relieving ourselves of foreign commitments we could devote our energies to exploiting, conserving, and enlarging the resources of out own country. But the surest way to reverse past progress would be to turn our backs on the rest of the world By our own act we should have turned today's allies into tomorrow's enemies. Our entire product over and above the minimum needed to sustain life would be required for engines of war We should have to live in chain mail.

On an earth that has shrunk under our eyes to the size of a fist, isolationism is not simply inadvisable. It is impossible. If the world cannot unite with us, it will unite against us. If we flinch from intimacy with an eastern hemisphere of different features and faiths and philosophies, we shall be forced sooner or later into the ultimate intimacy—the intimacy of body against body in deathly combat, and germ against germ, and bomb against bomb.

The alternate road is not a simple one. It means working patiently and persistently for freer trade, even where our own manufacturers and workmen and farmers must pay some part of the first cost; co-operating with other nations even when we cannot always co-operate on our own terms, spending sizable sums of money abroad which could very conveniently be spent at home; creating industrial complexes in other lands which not only may but are certain some day to compete with our own products; subordinating our own immediate self-interest in order that we may expect others to subordinate theirs.

We may look back wistfully toward the good old isolationist

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Balanced production and consumption, however, are dreams of the distant future. Accepting today's habit patterns, simply to feed adequately our present world population would require 50 per cent more food than we have.

Do the 7,000,000 square miles now under cultivation have such an increase in them?

Kirtley F. Mather, head of the geology department at Harvard and a leading student of world resources, says yes. Fast as population has grown during the past twenty-five years, he points out, the means of subsistence has grown faster. Land in the United States which grew but 60 bushels of corn per acre in 1900 can grow 100 bushels by using today's improved seed. The best wheat seed fifty years ago produced less than half as much as the best seed now available in the United States Today American farms average 17 9 bushels of wheat per acre, but one farm has reached a peak of 74.5 bushels Russia has announced—without confirmation—development of a winter wheat which yields over 120 bushels an acre.

Mather estimates that by applying generally techniques which already have proved their worth, the present output of American farms can be doubled and perhaps quadrupled.

Fertilizers, soil conservation, pest killers, and improved plant strains are among the major tools being currently used to increase crop production in the United States

The effect of fertilizers was demonstrated by a TVA experiment on 42,000 farms occupying 6,000,000 acres. The farmers added neither machinery nor man power By stepping up their use of mineral plant foods, they obtained a 30 per cent rise in the production of meat, eggs, and dairy products over the entire area. Where the fertilizer was spread *most* thickly the crop yield increased 60 per cent

Since plants can suffer from hidden hunger just as humans can, not only the great basic plant foods but tiny samplings of other less obvious ingredients must be included in fertilizers Fortunately, most of the 20 different elements needed for proper manuring of the soil are available in virtually limitless quan-

simply by applying the knowledge he already possesses, soon will be more worried about reducing his paunch than he is now about reducing his numbers.

Must population outrun food supply? If so, let America hoard her food and prime her guns

Will technical ingenuity inevitably produce all the food that mankind can consume? If so, let us dismiss the present hunger of two-thirds of the world as a passing nuisance, and return to our worry about the price of steaks.

Or is the race between population and food supply in underdeveloped areas perhaps not a law of nature at all but rather a symptom of retarded social and economic systems? And if so, is there an effective means of helping those retarded systems to catch up with the rest of the world?

How much more food can our present crop lands produce?

Today the tillers of earth cultivate some 7,000,000 square miles—about 4,000,000,000 acres They wring from those acres enough food to keep most of us going; but they would need to harvest nearly half again as much, *in present proportions*, if all alive were to eat well.

If the proportions of one crop to another were changed, however, many nutritionists believe that starvation and undernourishment might be relieved even with present production. The amount of food man must eat to be well fed depends on the kind of food it is

During the war, for instance, the Friends wished to send a shipload of food to Europe. They asked a scientist at the Massachusetts Institute of Technology how the load should be divided among wheat, peanut oil, and other products to get the greatest possible amount of nutrition into the available space. The scientist spent a week-end figuring He discovered that by proper combination he could increase the food value 50 per cent above that of most shipments of comparable tonnage.

If all the world's crops were similarly balanced, our immediate food deficit might vanish without the addition of a *single* pound of food to the over-all supply.

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